

SUBJECT: Intermediary Relending Program
Clarification on Priority Scoring

TO: State Directors, Rural Development

ATTN: Business Programs Directors

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to provide clarification on priority scoring for points applied for leveraged funds.

COMPARISON WITH PREVIOUS AN:

None.

IMPLEMENTATION RESPONSIBILITIES:

This AN will expand on a Direct final rule which was published in the Federal Register on July 5, 2005, where clarification was provided on how to apply priority points for intermediary contributions to the Revolving Loan Fund (RLF) and ultimate recipient project costs.

There are three criteria in the Intermediary Relending Program (IRP) scoring where points can be awarded for leveraging. We will address each criterion separately.

1. Under RD Instruction 4274-D, section 4274.344(c)(1)(i) points are allowed for non-Federal loan or grant funds, obtained by the intermediary, that are leveraged to pay part of the ultimate recipients' project costs. Some examples of these funds would include State grant funds, philanthropic funds, loan funds of the intermediary (excluding IRP proceeds), Community Development Block Grants, ultimate recipient contributions, etc.

EXPIRATION DATE:
December 31, 2007

FILING INSTRUCTIONS:
Preceding RD Instruction 4274-D

2. Under RD Instruction 4274-D, section 4274.344(c)(1)(ii) points are allowed for the intermediary's contribution funds to pay part of the costs of the ultimate recipient projects. This type of leveraging would be funds provided directly from the intermediary, which may be derived from program income and fees charged to its program recipients. Funds leveraged under this criteria must be separate and distinct from funds awarded under other funds (section 4274.344(c)(1)(i) and intermediary contribution (section 4274.344(c)(3)). Points shall not be double-counted.
3. Under RD Instruction 4274-D, section 4274.344(c)(3) points are allowed for non-Agency derived funds contributed to the IRP RLF. You are reminded that contributions made to the RLF will serve as security for the IRP loan, and these funds should never leave the account. Funds will not be used toward ultimate recipient project costs, to pay administrative costs, to service the debt, etc.

All points awarded for leveraging shall be based on documented successful history or written evidence that the funds are available. Also, for projects where points are awarded for funds contributed to the RLF, the intermediary must provide documentation showing that its equity contribution has been deposited into the IRP RLF account.

If you have questions, please contact the Specialty Lenders Division Processing Branch, (202) 720-1400.

(Signed by Jackie J. Gleason)

JACKIE J. GLEASON
Administrator
Business and Cooperative Programs